

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1476 – SB 1479

January 29, 2018

SUMMARY OF BILL: Authorizes governmental entities, including private and volunteer fire departments, to be issued governmental service license plates for leased vehicles.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Exceeds \$36,700/Highway Fund
Exceeds \$1,900/General Fund**

Decrease State Expenditures – \$33,800/General Fund

Decrease Local Expenditures – Exceeds \$4,900/Permissive

Assumptions:

- Under current law, pursuant to Tenn. Code Ann. § 55-4-223, the Department of Revenue (DOR), through county clerks or otherwise, issues government service license plates for vehicles owned by the state, a county, a municipality, federal government, or a private or volunteer fire department that are operated exclusively for essential governmental purposes or exclusively for fire protection purposes.
- This legislation would require the DOR to issue such government service license plates for vehicles leased by specified entities and used for such purposes.
- The registration fee for government service license plates is \$1.25, rather than the regular registration fees otherwise prescribed by law (\$23.75 for passenger motor vehicles; \$16.75 for motorcycles; various higher fees for freight motor vehicles, vehicles operating for hire and transporting passengers, etc.). Additional fees imposed by Tenn. Code Ann. § 55-4-132 (\$1.00) and Tenn. Code Ann. § 55-4-103(f)(2) and (3) (\$1.75), will still be imposed.
- Approximately 95 percent of motor vehicle registration fees are allocated to the Highway Fund; the remaining 5 percent is allocated to the General Fund.
- The DOR reports that at least 91 motor vehicles are currently leased by local governments, for total recurring revenue to the state of at least \$5,275. If such vehicles were authorized to obtain government service license plates, total recurring revenue to the state would be at least \$364, resulting in a recurring decrease of state revenue, and an equivalent recurring decrease in local expenditures, of at least \$4,911 (\$5,275 - \$364).

- Ninety five percent of the recurring decrease in state revenue, or \$4,665, would be to the Highway Fund, and five percent, or \$246, would be to the General Fund.
- Approximately 1,500 vehicles are leased by the State of Tennessee, for total recurring revenue to the state, and equivalent recurring expenditures to the state, of \$39,750. If such vehicles were authorized to obtain government service license plates, total recurring revenue and expenditures to the state would be \$6,000, for a recurring decrease of state revenue, and an equivalent recurring decrease in state expenditures, of \$33,750 (\$39,750 - \$6,000).
- Ninety five percent of the recurring decrease in state revenue, or \$32,062, would be to the Highway Fund, and five percent, or \$1,688, would be to the General Fund.
- All motor vehicle registration expenditures for state leased vehicles are assumed to be made from the General Fund. Therefore, the recurring decrease in state expenditures from the General Fund is estimated to be \$33,750.
- The total recurring decrease in state revenue to the Highway Fund is estimated to exceed \$36,727 (\$4,665 + \$32,062), and to the General Fund is estimated to exceed \$1,934 (\$246 + \$1,688).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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